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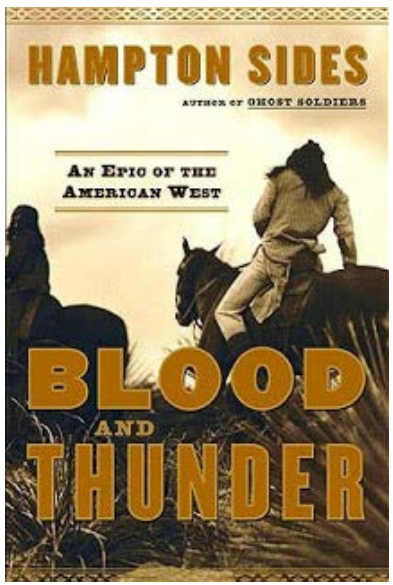
An unending variety of topics

Monday, July 14, 2008

Hampton Sides sheds light on Mancur Olson and Ronald Coase



Hampton Sides' book *Blood and Thunder* is a detailed and colorful account of the Western frontier in the United States around the mid-19th century, mostly from the Mexican War to the Civil War. It is half biography of the trapper, guide, and soldier Kit Carson, who participated in a wide variety of interesting and important events, and half general history, mostly of what is now the Southwestern U.S. and much of that in New Mexico, where Navajo, Apache, Pueblo, Mexicans, and Americans collided. There is also some coverage of the prior history and prehistory of the Mexicans and "Indian" (aboriginal American) tribes in the area. Sides seems to have no theoretical axe to grind, and indeed doesn't try to explain events in terms of political or economic theories, but rather simply relates a large number of incidents in unabashed detail, letting readers draw whatever theories, if any, the reader might wish to draw. Nevertheless Sides' account of the old U.S. frontier does shed quite a bit of light on a number of theoretical topics I have discussed here.

Most of the book involves interactions between Indian tribes, often nomadic, and agricultural-based Mexican and Anglo-Saxon cultures. The Navajo, for example, were nomadic herders that also profited from stealing, usually livestock, from nearby Pueblo, Mexican, and later United States ranches. In his account of prehistory Sides relates how, a few hundred years before Columbus, the spectacular pueblos (apartment buildings) of the Anasazi farm-based civilization in the Chaco Canyon were abandoned just as the Navajo were migrating into Anasazi territory from the north. Sides invokes as the main reason the popular ecological theory: that the Anasazi declined due to depleting nearby resources such as soils and forests, and suggests the Navajo as a contributing reason.

I think this gets it backwards. The Navajo entry at the same time the Anasazi's pueblos were abandoned is no coincidence, it is the main cause. Faced by a militarily superior group of roving bandits, the Anasazi's agricultural property was no longer secure. The Anasazi, ruled by stationary bandits, were conquered by the Navajo, nomadic herders and hunters. Further evidence that Mancur Olson's bandit theory, rather than ecological theory, explains the abandonment of their civilization in the Chaco Canyon is that the Anasazi culture didn't disappear, it declined and moved. Their descendants are the Pueblo Indians, and they dispersed to build a pueblos at the fringes of the Navajo territory. ("Anasazi", incidentally, is a Navajo term meaning "ancestors of our enemies"). Accelerated depletion of resources is a symptom of insecure property rights: where property is insecure people act (with respect to natural resources rather than with respect to fellow humans) as roving bandits, whereas secure property owners extract their resources

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like stationary bandits, i.e. at a much lower and far more sustainable rate.

Per Olson the Navajo, being roving bandits (with respect to both people and fixed resources) would have had a far higher Laffer maximum extortion rate and thus were not able to accumulate wealth to support a level of civilization nearly as high as the Anasazi under stationary bandits had supported. The Pueblo Indians and later the Mexicans who bordered the Navajos and other roving bandit cultures were able to support agriculture, but were far poorer than other most other fully agricultural regions of the time due to the costs of Navajo and Apache raids. The fall of the Anasazi was hardly the first time roving bandits had conquered stationary bandits causing a massive decline in wealth and civilization: it is a common pattern throughout history.

(Incidentally, the Laffer maximum for banditry from a sedentary neighbor, where there are a few but not many competing bandits, is probably somewhere in between the maxima for fully roving and fully stationary bandits: Sides recounts how the Navajo would not steal *every* animal from their Pueblo or Mexican neighbors during raids, but made sure to leave them enough breeding stock to rebuild their herds).

There are a large number of people who, following David Friedman, use the Coase Theorem as if it applied to the coercive bargaining that occurs in an anarchy. Sides' relentless accounts of attacks and reprisals put a lie to this Coaseian analysis of anarchy. The Navajo came as close, perhaps, to anarchy has any recorded culture has ever come. They had, for example, no sovereign leaders with which to make binding treaties. When American generals tried to make treaties with individuals they thought were Navajo chiefs, they would find that said "chiefs" could not actually enforce treaty terms, at least not beyond their own small band. Thus promises, for example, by Navajo "chiefs" to stop animal-stealing raids turned out to be unenforceable, because these "chiefs" could not actually punish young men in the many other Navajo bands for their raiding. (Even with sovereign governments there is still a tension between limiting the scope of sovereign power, e.g. by a doctrine of enumerated powers or by federalism, and giving the federal government complete "freedom of treaty", i.e. the ability to enter treaties on any subject, or at least in suppression of any kind of coercion, that they can actually enforce against their citizens and residents).

Coercion in all the forms one can imagine, and many that one would rather not try to imagine, was endemic to life among the native American tribes and to relations between those tribes and encroaching civilizations of the Mexicans and later Americans. Raids involving theft (especially of livestock), looting, kidnapping, rape, murder, war, massacre, torture, extortion, mutilation of the living and the dead, and many other, shall we say, non-Coaseian interactions were a normal part of the external relationships between the Indian tribes and between the encroaching civilizations and those tribes. "Counting coup", that is keeping track of wrongs that needed to be avenged, was standard among the Indian cultures and became standard among people like Kit Carson who dealt with them. Another interesting phenomenon is that the tit-for-tat cycle of violence between tribes was often based on group blame: rather than solving the (usually insurmountable) problem of identifying and punishing the particular perpetrators, missions of vengeance would usually target relatives, fellow tribe members, or even broader groups that happened to be convenient. Sometimes Indians aggrieved by a white attack would even take revenge on whites generally, for example the next group of white emigrants to come down the Santa Fe Trail, and this far too often happened in the reverse direction as well. Sometimes individual blame morphed into group blame when a tribe to which an alleged perpetrator was thought to belong failed to arrest and surrender the accused. This circumstance was especially used by American armies to justify invasion, massacre, and ethnic cleansing of tribes that refused to surrender or punish (often because they had no sovereign power to capture or punish) their thieves, kidnappers, and murderers. The role such group blame plays in contemporary politics is left as an exercise for the reader.

Mancur Olson's explanations fit Sides' detailed accounts of life in an anarchy far better than the the Coaseians'. The trajectories of the Anasazi, Navajo, Pueblo, Mexicans, and Americans are classic cases of interactions between stationary and roving bandits. The Laffer maximum extortion of the stationary bandit is far lower than the combined Laffer maxima of the roving bandits. Most kinds of farms can operate economically only if those stealing from the farm are stationary rather than roving.

Finally, Sides gives a sad account of the utopian social engineering that led to America's Indian reservation system. Bosque Redondo

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(the Round Forest) is a tragic example of this: an idealistic general of New England upbringing, a forerunner is spirit at least of the Bellamies, rounded up the Navajos, marched them off to a promising-looking but empty stretch of the Pecos River and tried to teach them sedentary agriculture. The general's overall reason for for conducting this experiment was not inaccurate: in Olson's terms, the Navajo would give up their roving banditry only if converted into (or put under the thumb of) stationary bandits. But just as the Navajos did not learn to live like Anasazi, but instead displaced the Anasazi culture with their own, so they could not readily learn to live like Mexicans or Americans, or even like Pueblo Indians. For example, for religious reasons they stubbornly refused to live in pueblos (apartment buildings) and these had to be abandoned. Worse, the project had most of the trappings of utopia we would later see in the Soviet Union: forced concentration and mass movement of peoples, communal farms, and military-style central planning. The communal property and military command structure under which the Navajo were subjected utterly failed to replicate the property rights and other crucial aspects of legal systems under which Mexicans and Americans had successfully conducted their agriculture. The Bosque Redondo experiment was a miserable and deadly failure. Stationary bandits can also destroy rather than allow the building of civilization if their policies are sufficiently pathological.

Posted by Nick Szabo at 6:44 PM

2 comments:

Steve Sailer said...

Thanks. I had read that NY Times article awhile back on how the Pueblo Indians had abandoned their original apartment buildings, but now your posting makes sense of what happened.

11:00 PM

Andrew said...

Interesting review - I've had this book on my shelf for a couple months now, and I think it's just moved up.

8:34 AM

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